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The KSA PERSPECTIVE

Published by Kurt Salmon Associates

June, 1985

APPAREL PROFILE FOR 1984

Inventories a stumbling block for 56 public firms; profits decline 22% on a sales gain of 6%

Following on its best year ever in 1983, the public apparel industry tripped over its inventories and took a serious tumble in fiscal 1984. Composite sales for the 56 companies in this year's Profile rose by 6% to $12.9 billion, but profits dropped $133 million, or 22%, from the previous year.

Gross profits, down over a point to 29% of sales, reflected the lower prices and markdowns necessary to move a mountain of goods through a clogged soft goods system to disinterested consumers. All segments of the system suffered from too much merchandise in 1984, but retailers and their apparel vendors had the worst of it.

Slow Response = High Inventories

Over-optimistic reactions to a strong pick-up in sales, as was the case in 1983, now stimulate long-term commitments overseas — particularly by retailers importing directly. When market conditions change, as they did in the second half of 1984, the supply system is too long and too slow to correct itself in time. Until lead-times are shortened and the system learns to respond faster to more accurate information and controls, the last two-year cycle will probably be seen again.

On the 6% sales increase, finished goods inventories jumped 16% for all apparel companies in this year's Profile, closing the year $250 million higher than 1983. Raw materials inventories rose 53% — another indication of over-reaction.

Inventory that did move out was sold at lower prices, and this was the major cause of lower profits. With SG&A remaining stable at 20.4%, operating earnings dropped to 8.8%. Since 1980, only the recession year of 1982 showed a lower ratio. With no miscellaneous income to speak of, pre-tax income shrank to 7.1%, and net after-tax profit sagged to 3.7%; it was 5% of sales in 1983.

Apparel, incidentally, remains one of the most heavily-taxed industries in the U.S., and the composite rate paid in fiscal 1984 was 49%! The average for all industries is around 20%.

Calendar 1984 Worse.

As poor as it was, apparel's fiscal year was better than its calendar year in 1984. To minimize the effect of different fiscal year closing dates, quarterly sales and earnings data were requested this year from companies whose years end before December. Of the 19 firms who supplied updated results (see Sales & Earnings table on page 3), 12 did worse than their fiscal years. Total sales of the 19 companies for the latest 12 months were $6.4 billion, only $100 million ahead of fiscal. Their composite return on sales was 2.1%, as against 3.7%.

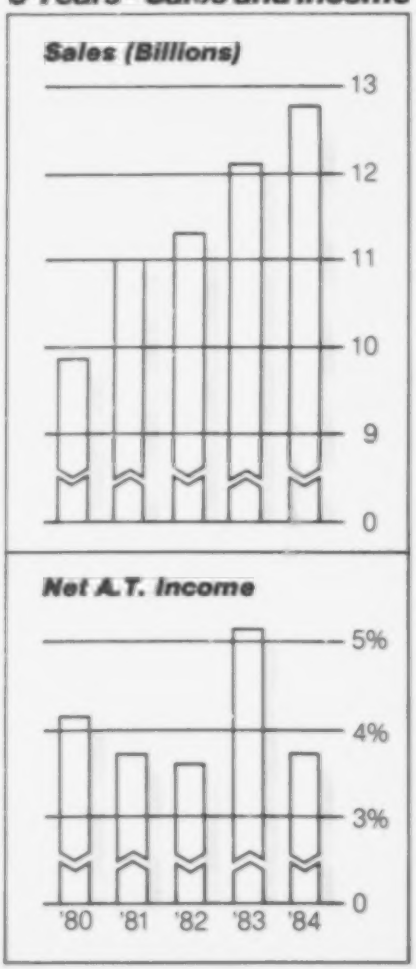
The inventory glut and slow consumer buying continued throughout 1984 and carried into the first quarter of this year. An apparent slowdown in the general economy can only add to the problems of getting the soft goods system back on track in 1985. Analyzing last year's results should help pinpoint some of those problems, however.

Segment Results: Women's Wear

The disappointments of 1984 were

cont'd on p. 6

5 Years – Sales and Income



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How Industry Sectors Compare

Sub-Industry and Year	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net A.T. Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Women's Wear (W)												
Liz Claiborne		391,272	41,938	10.72	40.16	26	29.36	2.73	37.70	20.76	4.52	40.16
Cherokee Group		72,413	3,059	4.22	19.92	62	7.48	1.77	34.62	9.32	4.19	17.53
1984	14	1,633,086	49,414	3.03	11.20	45	6.05	1.99	27.42	7.59	3.48	9.13
1983	14	1,374,930	47,157	3.43	11.97	45	6.56	1.91	26.88	7.35	3.28	9.67
Men's Wear (M)												
Quality Mills		48,837	1,476	3.02	33.45	79	6.97	2.30	20.24	5.92	3.68	12.23
Savoy Industries		124,358	2,594	2.09	30.60	87	3.93	1.88	35.77	6.06	4.07	14.28
1984	14	2,601,343	73,400	2.82	11.06	56	4.79	1.69	26.06	6.72	3.23	7.15
1983	14	2,330,105	78,668	3.38	12.66	50	6.28	1.86	25.93	6.87	3.24	8.97
Diversified (D)												
Oshkosh B'Gosh		137,423	12,853	9.35	35.63	35	22.81	2.43	30.12	18.61	3.98	29.61
VF Corp.		1,167,356	124,746	10.69	28.26	45	15.44	1.44	36.36	19.94	4.50	20.97
1984	18	7,797,886	330,436	4.24	13.83	47	7.29	1.72	30.54	9.76	3.70	10.41
1983	18	7,663,607	473,342	6.18	19.07	44	10.68	1.72	32.61	12.21	3.82	15.21
Associated Fashion Products (A)												
Nantucket Ind.		32,136	1,727	5.37	15.63	52	7.40	1.37	25.97	12.85	4.09	9.51
Jaclyn		48,634	2,650	5.45	14.96	27	10.83	1.98	29.05	7.77	6.44	14.49
1984	10	833,569	26,277	3.15	9.84	49	5.01	1.59	28.69	8.03	3.30	6.63
1983	10	772,459	13,435	1.74	5.48	49	2.78	1.59	29.41	7.68	3.21	3.63
Composite Total*												
1984	56	12,865,884	479,527	3.73	12.75	49	6.47	1.73	29.12	8.76	3.53	9.33
1983	56	12,141,101	612,622	5.05	16.37	45	8.89	1.76	30.48	10.35	3.58	12.64

Excludes Multi-industry firms and Conglomerates; based on return on total equity

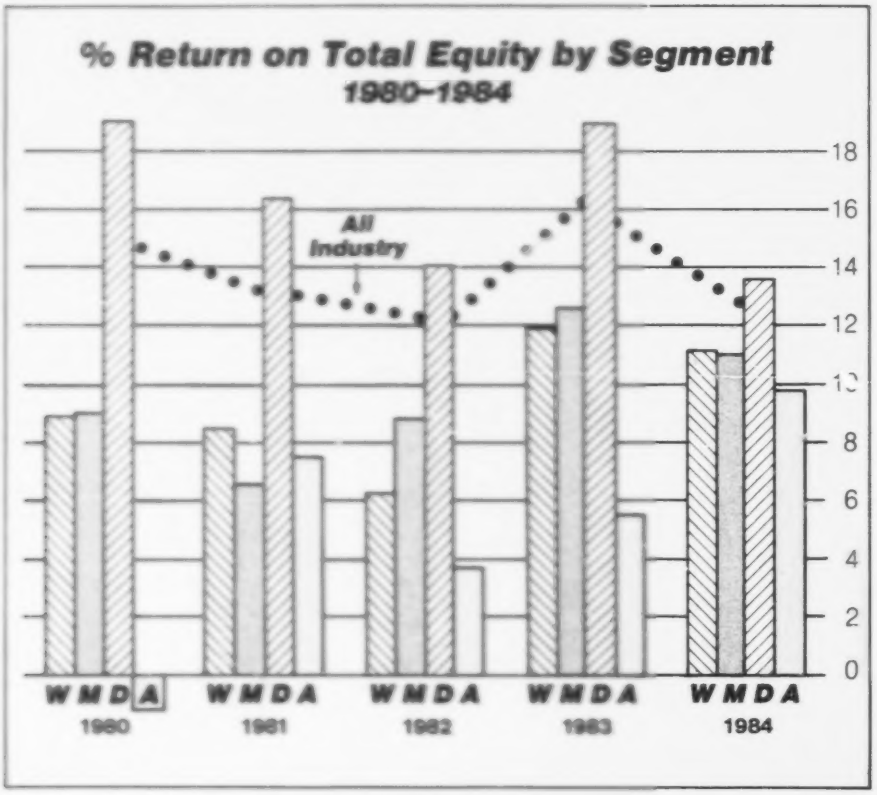
Classifications

The constantly-changing mix of companies in each year's Profile sample, plus changes in the product mixes of the companies themselves, call for many separate and flexible judgments regarding their classification.

Public companies deriving at least half of their total sales volumes from manufacturing and/or marketing of apparel or associated personal consumer products are included in the full data analysis.

These firms have been classified: M (primarily Men's and Boys' Apparel); W (primarily Women's and Children's Apparel); D (Diversified, with neither Men's wear nor Women's wear predominating in the product mix); or A (Associated Fashion Products — companies whose sales may include some apparel along with related personal consumer products such as hosiery, gloves, headwear, leather products, jewelry, and the like.) Footwear is specifically excluded because firms in that product category are part of our Footwear Profile.

A separate category — C — covers divisions of conglomerates or multi-product companies that do a significant amount of business in apparel, although more than half of their sales is in retailing, footwear, or unrelated products. The apparel sales volumes of these companies, and some indication of their earnings performances, where available, are included in the Sales and Earnings table on page 3. However, their complete financial performance data have not been tabulated and do not appear elsewhere in this Profile.



Sales and Earnings*

Sales Rank 84	83	Company	Sales ($000)	Net Income ($000)
1	1	Levi Strauss 11/84-D	2,513,536	41,387
		02/85	2,497,800	44,100
2	5	Cons. Foods 06/84-C (1, 2, 3, 6)	1,446,000	116,000 §
3	3	VF Corp. 12/84-D	1,167,356	124,746
4	4	Gulf + Western 07/84-C (1, 2)	1,068,600	78,300 §
5	7	Cluett Peabody 12/84-M	949,265	26,780
6	6	Interco 02/84-C (1)	880,122	100,538 §
		02/85	943,077	83,062 §
7	8	Northwest Ind. 12/84-C (1, 4)	737,100	166,300 §
8	9	General Mills 05/84-C (1, 3, 4)	587,400	48,800 §
9	10	Kellwood Company 04/84-D	582,501	14,563
		01/85	560,213	12,215
10	11	Oxford Industries 05/84-D	577,313	25,007
		02/85	579,840	12,064
11	12	Warnaco Inc. 12/84-D	561,391	20,474
12	14	Phil-Van Heusen 01/84-M	505,885	17,262
		01/85	590,787	15,298
13	13	Palm Beach Company 12/84-D	458,961	10,028
14	16	Hartmarx 11/84-C (1)	458,700	73,100 (1)
15	17	Manhattan 01/84-D	432,992	11,547
		01/85	520,688	1,124
16	22	Liz Claiborne 12/84-W	391,272	41,938
17	19	Russell Corp. 12/84-D	353,025	27,913— •
18	20	Chesebrough-Ponds 12/84-C (1)	335,182	34,419 §
19	21	Tultex 11/84-D	286,269	9,720
		02/85	282,432	9,889
20	23	Russ Togs 01/84-W	250,805	12,114
		01/85	275,060	11,113
21	28	Farah Mfg. Company 10/84-M	250,772	15,568
		01/85	265,777	21,967
22	29	Work Wear Corp. 12/84-A	225,195	6,223
23	26	Wm. Carter Company 12/84-W	219,230	5,543
24	25	Chromalloy-Amer. 12/84-C (1, 6)	215,262	6,791 §
25	30	Marcade Group 01/84-W	194,654	−8,838
		10/84	112,633	−12,811
26	33	Garan 09/84-D	176,907	11,916
		12/84	175,765	11,196
27	:	McGregor 01/84-D	165,942	10,204
28	36	Hampton Ind. 12/84-M	162,855	4,404
29	35	Swank, Inc. 12/84-A	144,635	5,469
30	34	Genesco 07/84-C (1)	141,136	7,844 (1)
		01/85 (new FYE) 6 mo.	75,969	4,465
31	44	Oshkosh B'Gosh 12/84-D	137,423	12,853
32	42	Bayly Corp. 10/84-M	131,585	1,194
		01/85	140,376	383
33	37	Medalist 12/84-A	127,452	3,029
34	39	Savoy Industries 12/84-M	124,358	2,594
35	40	Nike Corp. 05/84-C (1)	121,800	+
36	38	Stanwood Corp. 12/84-M	115,077	−299
37	41	Champion Prod. 12/84-D	112,483	1,660
38	48	Adams-Millis 12/84-A	111,223	5,741
39	45	Oak Hill 12/84-W	95,269	2,098
40	43	Munsingwear 12/84-D	92,645	3,993
41	46	Superior Surg. 12/84-D	86,817	3,503
42	50	Wayne-Gossard 12/84-M	82,539	−571
43	55	Movie Star 05/84-W	75,717	1,545
		02/85	76,559	706
44	54	Fritzi of California 09/84-W	72,644	134
45	:	Cherokee Group 12/84-W	72,413	3,059
46	56	Talley 12/84-C (1)	68,555	5,238 §
47	47	Bobbie Brooks 05/84-W	66,897	−1,238
48	:	Wilson Brothers 12/84-M	66,736	−2,283
49	57	Nexus 07/84-M	58,509	1,100
		01/85	48,422	−3,221
50	58	Aileen 10/84-W	54,205	−1,951
		01/85	53,201	−1,826
51	64	After Six 06/84-M	48,978	3,773
52	62	Quality Mills 12/84-M	48,837	1,476
53	67	Jaclyn 06/84-A	48,634	2,650
		12/84	50,419	2,742
54	65	Jack Winter 11/84-W	47,950	−10,375
55	59	Alba-Waldensian 12/84-A	47,535	640
56	69	Sanmark-Stan 06/84-W	43,465	2,249
		12/84	47,363	2,491
57	:	Kleinert's 09/84-W	39,952	2,880
58	66	Boss Mfg. Co. 03/84-A	37,137	−396
59	61	Kennington 12/84-M	35,827	1,490
60	68	Noel Industries 10/84-D	35,425	−886
61	60	Richton International 04/84-A	34,695	−88
		01/85	35,312	4,196
62	:	Rocky Mount Und. 12/84-D	32,167	1,530
63	72	Nantucket Ind. 02/84-A	32,136	1,727
		02/85	37,444	1,307
64	73	ProGroup 09/84-A	24,927	1,282
		12/84	23,703	907
65	71	Barco of California 06/84-D	24,733	278
66	74	Chemold 07/84-C (1)	22,146	3,602 §
67	75	State-O-Maine 02/84-M	20,120	912
68	76	Raven Industries 07/84-C (1)	14,815	1,631 §
69	80	Howard B. Wolf 05/84-W	8,613	256
		Sales Total:	**$18,882,705**	

: Unranked

\+ Unavailable

• Where available, quarterly data have been added to show latest 12 months' performance. This information appears directly below fiscal year data for each company.

C Multi-Industry Firms or Conglomerate Divisions. Apparel sales may be estimated and include the following components: (1) Apparel; (2) Hosiery; (3) Associated Fashion Products; (4) Footwear/Boots/Leather Products; (5) Furniture; (6) Other unrelated industries. Where available, Operating Earnings (§) or Pre-Tax Income (1) are shown.

Apparel Performance Profile — Fiscal 1984

(Excludes Conglomerates)

84 Sales Rank	Company	Net A.T. Inc. on Sales %	84	83	Return on Total Equity %	84	83	Total Debt To Assets	84	83	Return on Total Assets %	84	83	Sales To Total Assets	84	83	Gross Profit %	84	83	Operating Earnings %	84	83	Inventory Turns	84	83	Return on Invested Capital %	84	83
38	**Adams-Millis 12/84-A**	**5.16**	**11**	**10**	**13.86**	**20**	**20**	**.44**	**35**	**45**	**7.73**	**13**	**13**	**1.49**	**42**	**45**	**22.09**	**42**	**54**	**11.62**	**9**	**20**	**4.84**	**4**	**3**	**9.89**	**19**	**18**
51	**After Six 06/84-M**	**7.70**	**+**	**+**	**16.93**	**+**	**+**	**.56**	**17**	**15**	**7.41**	**+**	**+**	**.96**	**55**	**55**	**35.27**	**6**	**5**	**12.84**	**6**	**6**	**2.92**	**44**	**42**	**8.48**	**+**	**+**
50	**Aileen 10/84-W**	**−3.59**	**49**	**44**	**−6.21**	**46**	**44**	**.30**	**49**	**54**	**−4.31**	**46**	**44**	**1.19**	**54**	**52**	**19.83**	**49**	**48**	**−4.18**	**55**	**55**	**3.95**	**19**	**19**	**−5.65**	**46**	**44**
55	Alba-Waldensian 12/84-A	1.34	38	9	2.65	38	21	.25	54	48	1.98	37	13	1.47	46	50	13.16	55	53	1.61	46	22	3.83	23	22	2.23	39	19
65	Barco of California 06/84-D	1.12	39	26	2.28	39	35	.28	51	53	1.63	39	27	1.45	47	44	30.38	16	14	1.92	45	37	2.59	47	46	2.28	38	31
32	Bayly Corp. 10/84-M	.90	40	25	4.72	35	19	.67	7	25	1.52	40	18	1.67	28	10	28.06	26	24	3.20	41	38	3.20	38	31	2.70	37	20
47	**Bobbie Brooks 05/84-W**	**−1.85**	**46**	**+**	**−10.49**	**47**	**+**	**.55**	**19**	**17**	**−4.62**	**48**	**+**	**2.49**	**4**	**2**	**28.46**	**23**	**39**	**−.14**	**51**	**56**	**4.79**	**5**	**17**	**−7.51**	**47**	**+**
58	**Boss Mfg. Co. 03/84-A**	**−1.06**	**45**	**45**	**−3.54**	**45**	**45**	**.50**	**26**	**25**	**−1.77**	**45**	**45**	**1.66**	**30**	**31**	**21.85**	**43**	**28**	**−.90**	**53**	**53**	**4.65**	**7**	**30**	**−2.12**	**45**	**45**
37	**Champion Prod. 12/84-D**	**1.47**	**37**	**38**	**4.42**	**37**	**38**	**.34**	**45**	**39**	**2.90**	**36**	**38**	**1.96**	**15**	**27**	**22.71**	**39**	**38**	**3.25**	**40**	**46**	**3.39**	**34**	**42**	**3.61**	**36**	**39**
45	Cherokee Group 12/84-W	4.22	17	23	19.92	9	2	.62	14	6	7.48	15	17	1.77	24	14	34.62	8	9	9.32	16	13	4.19	15	13	17.53	6	5
5	Cluett Peabody 12/84-M	2.82	26	27	10.89	27	25	.53	21	27	5.09	26	25	1.80	21	22	23.52	37	40	6.67	32	27	3.09	41	37	7.24	26	22
21	Farah Mfg. Co. 10/84-M	6.20	6	+	27.48	6	+	.67	7	40	8.93	12	+	1.43	49	18	31.65	14	12	10.68	12	10	3.70	27	27	14.22	11	+
44	**Fritzi of California 09/84-W**	**.18**	**41**	**34**	**.86**	**41**	**34**	**.51**	**25**	**21**	**.41**	**41**	**35**	**2.26**	**8**	**24**	**21.59**	**45**	**33**	**1.34**	**47**	**44**	**4.34**	**13**	**18**	**.69**	**41**	**29**
26	**Garan 09/84-D**	**6.73**	**5**	**8**	**16.36**	**11**	**13**	**.31**	**48**	**42**	**11.27**	**5**	**5**	**1.67**	**28**	**40**	**24.65**	**35**	**36**	**11.68**	**8**	**7**	**5.74**	**2**	**7**	**14.69**	**7**	**10**
28	**Hampton Ind. 12/84-M**	**2.70**	**28**	**31**	**11.70**	**24**	**33**	**.55**	**19**	**29**	**5.26**	**24**	**30**	**1.94**	**16**	**16**	**20.29**	**47**	**47**	**7.55**	**27**	**39**	**4.26**	**14**	**12**	**6.67**	**29**	**33**
69	Howard B. Wolf 05/84-W	2.97	25	41	4.60	36	43	.21	55	55	3.63	33	42	1.22	52	53	29.68	20	16	2.14	44	54	2.12	52	53	4.53	34	42
53	Jaclyn 06/84-A	5.44	8	13	14.96	16	24	.27	52	51	10.83	7	15	1.98	14	32	29.05	21	19	7.77	25	21	6.44	1	8	14.49	8	17
54	Jack Winter 11/84-W	−21.63	+	22	−57.55	+	37	.40	42	47	−34.25	+	36	1.58	37	54	6.84	56	27	−21.98	56	50	3.93	20	47	−56.88	+	36
9	**Kellwood Company 04/84-D**	**2.50**	**31**	**32**	**14.20**	**19**	**22**	**.67**	**7**	**8**	**4.61**	**27**	**34**	**1.84**	**20**	**20**	**17.75**	**50**	**50**	**6.04**	**34**	**31**	**3.70**	**33**	**41**	**6.66**	**30**	**28**
59	**Kennington 12/84-M**	**4.15**	**18**	**6**	**2.10**	**40**	**39**	**.21**	**55**	**56**	**1.65**	**38**	**31**	**.39**	**56**	**56**	**33.79**	**12**	**31**	**8.93**	**18**	**35**	**1.84**	**56**	**56**	**1.88**	**40**	**38**
57	**Kleinert's 09/84-W**	**7.20**	**+**	**+**	**22.69**	**+**	**+**	**.48**	**29**	**20**	**11.73**	**+**	**+**	**1.62**	**36**	**35**	**17.05**	**52**	**56**	**10.76**	**10**	**30**	**3.90**	**21**	**35**	**16.84**	**+**	**+**
1	Levi Strauss 11/84-D	1.64	36	5	5.12	34	10	.43	36	33	2.91	35	6	1.76	25	48	34.25	11	2	7.42	28	5	3.87	22	23	4.11	35	8
16	Liz Claiborne 12/84-W	10.71	1	2	40.16	1	1	.26	53	49	29.36	1	1	2.73	1	5	37.70	3	4	20.75	1	2	4.52	8	5	40.16	1	1
15	Manhattan 01/84-D	2.66	29	35	15.75	12	23	.63	13	11	5.82	23	28	2.18	10	7	31.80	13	18	5.82	36	42	3.35	36	31	9.27	22	30
25	**Marcade Group 01/84-W**	**−4.54**	**50**	**46**	**−49.79**	**49**	**46**	**.79**	**4**	**7**	**−10.05**	**50**	**46**	**2.21**	**9**	**12**	**20.46**	**46**	**46**	**.70**	**50**	**49**	**3.11**	**40**	**48**	**−20.04**	**50**	**46**
27	**McGregor 01/84-D**	**6.14**	**7**	**19**	**15.55**	**14**	**30**	**.41**	**38**	**42**	**9.11**	**11**	**20**	**1.48**	**45**	**36**	**24.13**	**36**	**43**	**9.14**	**17**	**33**	**3.66**	**30**	**1**	**13.69**	**13**	**24**
33	**Medalist 12/84-A**	**2.37**	**32**	**35**	**9.30**	**30**	**32**	**.52**	**22**	**17**	**4.42**	**28**	**37**	**1.86**	**19**	**29**	**28.12**	**25**	**15**	**6.77**	**30**	**34**	**3.82**	**24**	**31**	**6.78**	**28**	**35**

43	**Movie Star 05/84-W**	2.04	35	41	7.94	32	41	.56	17	23	3.43	34	41	1.68	27	33	23.51	38	44	4.34	38	45	2.36	50	54	7.10	27	40
40	**Munsingwear 12/84-D**	4.31	+	+	14.15	+	+	.41	38	29	8.28	+	+	1.92	17	25	25.78	31	22	−.55	52	52	4.67	6	20	10.56	+	+
63	**Nantucket Ind. 02/84-A**	5.37	9	20	15.63	13	9	.52	22	10	7.40	16	21	1.37	51	33	25.96	30	34	12.84	6	14	4.09	16	16	9.51	21	21
49	**Nexus 07/84-M**	1.88	+	+	15.16	+	+	.80	3	3	2.98	+	+	1.58	37	47	22.30	41	52	8.82	19	47	2.97	43	38	3.81	+	+
60	**Noel Industries 10/84-D**	−2.50	47	40	−12.92	48	36	.65	10	19	−4.40	47	39	1.76	25	17	17.12	51	51	−1.13	54	48	3.72	26	15	−11.52	48	37
39	**Oak Hill 12/84-W**	2.20	+	18	10.84	+	11	.45	33	31	5.86	+	8	2.66	2	4	21.63	44	29	3.01	43	29	5.26	3	6	9.69	+	7
31	**Oshkosh B'Gosh 12/84-D**	9.35	3	3	35.63	2	5	.35	43	38	22.81	2	3	2.43	6	12	30.11	18	21	18.60	3	3	3.98	18	29	29.61	2	3
10	**Oxford Ind. 05/84-D**	4.33	16	16	20.74	8	7	.47	31	33	10.84	6	4	2.50	3	1	25.05	33	37	8.81	20	18	4.38	12	10	17.89	5	6
13	**Palm Beach Co. 12/84-D**	2.18	33	28	10.32	28	15	.62	14	15	3.88	31	22	1.78	22	15	26.91	27	26	6.76	31	19	2.67	46	36	5.64	31	23
12	**Phil-Van Heusen 01/84-M**	3.41	22	33	13.86	20	31	.47	31	23	7.31	17	32	2.14	12	10	29.97	19	25	7.10	29	41	3.37	35	34	11.41	17	32
64	**ProGroup 09/84-A**	5.14	12	7	10.31	29	16	.30	49	52	7.15	18	10	1.39	50	49	34.31	9	10	10.08	14	12	3.81	25	11	9.75	20	14
52	**Quality Mills 12/84-M**	3.02	24	+	33.45	3	+	.79	4	4	6.97	19	+	2.30	7	3	20.23	48	45	5.91	35	25	3.68	29	24	12.23	15	+
61	**Richton Int'l. 04/84-A**	−.25	42	47	−2.20	44	47	.79	4	5	−.45	43	47	1.78	22	30	44.01	1	3	4.16	39	51	2.08	54	51	−.76	43	47
62	**Rocky Mount 12/84-D**	4.75	14	14	21.86	7	3	.52	22	8	10.37	8	7	2.18	10	9	24.77	34	42	10.71	11	15	3.66	30	2	14.39	9	4
20	**Russ Togs 01/84-W**	4.83	13	15	14.60	17	16	.34	45	45	9.63	10	12	1.99	13	18	26.81	29	32	7.77	25	26	4.49	10	9	14.14	12	16
17	**Russell Corp. 12/84-D**	7.90	4	4	14.24	18	14	.32	47	44	9.64	9	11	1.22	52	51	30.29	17	17	15.16	4	4	3.64	32	28	12.59	14	12
56	**Sanmark-Star 06/84-W**	5.17	10	+	15.47	15	+	.49	27	36	7.73	13	+	1.49	42	40	28.91	22	30	13.49	5	8	2.23	51	49	12.16	16	+
34	**Savoy Ind. 12/84-M**	2.08	34	37	30.60	4	4	.87	2	2	3.93	30	29	1.88	18	6	35.77	5	6	6.05	33	40	4.07	17	24	14.28	10	11
36	**Stanwood Corp. 12/84-M**	−.25	42	43	−1.21	42	42	.64	11	12	−.42	42	43	1.63	34	37	16.94	53	55	3.15	42	43	2.68	45	44	−.73	42	43
67	**State-O-Maine 02/84-M**	4.53	15	29	19.35	10	18	.41	38	21	11.31	4	23	2.49	4	8	35.04	7	11	10.38	13	23	4.46	11	14	18.73	4	15
41	**Superior Surg. 12/84-D**	4.03	19	24	11.45	26	28	.41	38	35	6.71	20	24	1.66	30	28	30.77	15	20	8.60	22	28	2.53	49	45	8.43	23	26
29	**Swank Inc. 12/84-A**	3.78	20	17	9.27	31	29	.35	43	41	6.01	22	19	1.58	37	39	42.61	2	1	8.09	23	17	1.95	55	55	7.65	24	25
19	**Tultex 11/84-D**	3.39	23	12	12.32	22	8	.57	16	14	5.19	25	16	1.52	40	42	22.68	40	41	8.67	21	9	3.70	27	26	7.53	25	13
3	**VF Corporation 12/84-D**	10.68	2	1	28.26	5	6	.45	33	49	15.44	3	2	1.44	48	21	36.35	4	7	19.94	2	1	4.50	9	4	20.97	3	2
11	**Warnaco Inc. 12/84-D**	3.64	21	11	11.71	23	12	.48	29	36	6.04	21	9	1.65	32	25	34.26	10	8	8.07	24	11	2.99	42	39	10.01	18	9
42	**Wayne-Gossard 12/84-M**	−.69	44	39	−1.99	43	40	.42	37	32	−1.14	44	40	1.65	32	45	13.90	54	49	.81	49	36	2.59	47	50	−1.26	44	41
48	**Wilson Brothers 12/84-M**	−3.42	48	+	−93.87	50	+	.94	1	1	−5.57	49	+	1.63	34	23	28.20	24	13	1.10	48	32	3.28	37	21	−18.47	49	+
23	**Wm. Carter Co. 12/84-W**	2.52	30	21	7.67	33	26	.49	27	28	3.86	32	26	1.52	40	38	26.88	28	23	4.81	37	24	2.12	52	52	4.75	33	27
22	**Work Wear Corp. 12/84-A**	2.76	27	30	11.59	25	27	.64	11	13	4.14	29	33	1.49	42	43	25.06	32	35	9.50	15	16	3.14	39	40	5.48	32	34

+ *Extraordinary gains exceed 1% of net sales; unranked.*

Rankings for 1983 have been recalculated to reflect new Profile Company mix.

Top Performers... by the Dozen

1984

1980 - 1984

Net A.T. Income on Sales

	Company	Sales ($000)	Net A.T. Income on Sales %	1983 Rank
1	Liz Claiborne (W)	391,272	10.71	2
2	VF Corp. (D)	1,167,356	10.68	1
3	Oshkosh B'Gosh (D)	137,423	9.35	3
4	Russell Corp. (D)	353,025	7.90	4
5	Garan (D)	176,907	6.73	8
6	Farah Mfg. (M)	250,772	6.20	*
7	McGregor (D)	165,942	6.14	19
8	Jaclyn (A)	48,634	5.44	13
9	Nantucket Ind. (A)	32,136	5.37	20
10	Sanmark-Stardust (W)	43,465	5.17	*
11	Adams-Millis (A)	111,223	5.16	10
12	ProGroup (A)	24,927	5.14	7

	Company	5-Year Sales ($000)	Net A.T. Income on Sales %
1	Liz Claiborne (W)	982,039	9.65
2	VF Corp. (D)	4,527,875	9.58
3	Kennington (M)	314,406	9.14
4	Oshkosh B'Gosh (D)	380,778	8.79
5	Russell Corp. (D)	1,455,819	8.28
6	Farah Mfg. (M)	943,007	7.26
7	Garan (D)	768,537	6.14
8	Levi Strauss (D)	13,509,070	5.61
9	Oak Hill (W)	380,577	5.21
10	Adams-Millis (A)	414,237	4.91
11	ProGroup (A)	113,900	4.79
12	Russ Togs (W)	1,072,699	4.73

Return on Total Equity

	Company	Sales ($000)	Return on Total Equity %	1983 Rank
1	Liz Claiborne (W)	391,272	40.16	1
2	Oshkosh B'Gosh (D)	137,423	35.63	5
3	Quality Mills (M)	48,837	33.45	*
4	Savoy Industries (M)	124,358	30.60	4
5	VF Corp. (D)	1,167,356	28.26	6
6	Farah Mfg. (M)	250,772	27.48	*
7	Rocky Mount Und. (D)	32,167	21.86	3
8	Oxford Ind. (D)	577,313	20.74	7
9	Cherokee Group (W)	72,413	19.92	2
10	State-O-Maine (M)	20,120	19.35	18
11	Garan (D)	176,907	16.36	13
12	Manhattan (D)	432,992	15.75	23

	Company	5-Year Sales ($000)	Return on Total Equity %
1	Liz Claiborne (W)	982,039	38.26
2	Farah Mfg. (M)	943,007	31.87
3	Oshkosh B'Gosh (D)	380,778	30.22
4	Oak Hill (W)	380,577	27.71
5	Savoy Industries (M)	387,954	27.10
6	VF Corp. (D)	4,527,875	26.99
7	Nantucket Ind. (A)	110,347	18.58
8	Tultex (D)	1,179,658	17.72
9	Oxford Industries (D)	2,130,426	17.04
10	Levi Strauss (D)	13,509,070	16.44
11	Russell Corp. (D)	1,455,819	16.41
12	Garan (D)	768,537	16.17

* *Unavailable*

cont'd from p. 1

not shared equally throughout the apparel industry. As usual, some sectors outperformed others. The 14 women's and children's wear firms in this year's Profile (four fewer than last year) set a sales record for themselves with $1.6 billion, up 18.8% over 1983. Profits rose almost 5%, to $49.4 million, although the return on sales slid from 3.4% to 3.0%. Return on total equity also dropped a bit, but remained a respectable 11.2%.

Liz Claiborne led the way again, for women's wear and the entire Profile. Its financial ratios are eye-stopping: 10.7% net profits; 40.1% return on equity, and 29.4% return on assets. The company ranked first in six performance ratios this year. More significant, ***Claiborne***'s profits of $41.9 million were exceeded only by ***VF*** (three times its size), and they accounted for 85% of all women's wear profits, more than enough to cover $22.4 million in losses suffered by four firms in the group.

Beyond ***Liz Claiborne***, women's wear performances were mediocre in 1984. With the departures of ***Jonathan Logan*** and ***Puritan***, and the continuing acquisition of successful medium-sized firms by diversified conglomerates (***Schrader, Olga***), there are few women's wear specialists left in the public sector. Even ***Liz*** may lose her credentials if her venture into men's wear succeeds.

And who's left to say it won't? The roadside is littered with caution signs saying the company's growth couldn't continue — all the way from $79 million five years ago up to $391 million today.

Men's Wear

This group of 14 apparel firms (minus ***Salant*** and ***BTK*** this year) recorded 11.6% more sales in 1984, but its profits dropped almost 7%. At $73.4 million, they are still twice what they were only three years ago, and the sector's return ratios for 1984 were the second highest over the last five years.

Men's wear companies added 30% in finished goods inventories last year, two-and-one-half times their sales gain, and the largest such increase for any of the four industry sectors. With that kind of imbalance, profitability becomes more elusive.

Cluett Peabody demonstrated the problem; it ended the year (December) with $90 million more in sales, 45% more goods in its distribution centers, and $49,000 less profit versus 1983. However, the company seems positioned for growth with an array of strong fashion brands. Likewise, ***Farah*** has added volume and extra fashion potential with the Generra label. Although its profits slipped to 6.2% in 1984, this once-troubled company has now racked up three straight years of above-average performance before special items. Its return on equity has been over 25% for five years.

Diversified

As a group, the biggest companies showed the biggest profit dips in 1984. Eighteen firms in the Diversified category netted $330 million — 30% less than 1983 — on $7.8 billion in sales, which were up only 2% in 1984.

Excluding extraordinary items (prac-

tically all of it constituting *Munsingwear's* profits), the after-tax income for this group has remained in a remarkably narrow range — $322 million to $335 million — in four of the last five years. During that period, composite net sales have gone from $6.5 billion to $7.8 billion.

Such macro numbers blanket many different situations, of course. *Levi Strauss* took a massive $46 million write-off as it cut back on its jeans production capacity; its miscellaneous expenses exceeded its total net income last year. *Barco* and *Tultex* also suffered large declines.

Despite the well-publicized troubles of the giants, and the heavy weight they exert on Diversified's composite numbers, this group contained some outstanding performances last year. *VF, Oshkosh B'Gosh, Russell,* and *Garan* (reclassified this year) all netted profits above 6.7% of sales. *Russell* is spending more on marketing, and added 15% to its SG & A in 1984. At the same time its capital expenditures remain over three times the rate of all public apparel firms.

With so much equity, however, these large companies could not escape posting their lowest return ratio in five years -- 13.8%. In 1980, and again in 1983, return on total equity for the Diversified group was over 19%.

Associated Fashion Products.

The 10 firms in this sector cover a range of personal consumer products — hosiery, gloves, handbags, sporting goods, jewelry and accessories. With 1984 performances as mixed as their product lines, only one generalization can be offered: inventories remained under control, and composite profits jumped 96% on a sales gain of only 8%. *Jaclyn, Nantucket Industries, Adams-Millis,* and *ProGroup* all posted income-to-sales ratios over 5%.

Inventory Changes — 1983/1984

	Finished Goods	Raw Materials
Women's Wear	+25%	+5%
Men's Wear	+30	+15
Diversified	+10	+100
Assoc. Fashion Prod.	+7	+13
Total Industry	+16%	+53%

Inventories: Whose Fault?

The commentary on this year's Profile has made much of the role excess inventories played in last year's financial performances. Inventory levels are not totally under the control of apparel companies, of course. They reflect what is happening in the market, and the ability of other players in the soft goods chain to manage *their* merchandise flows and forecasts. It is becoming more and more evident that the merchandising practices, market information, and planning used by retailers reverberate throughout the soft goods supply system with increasing effect. Looking at the total picture, it becomes obvious that each of its industry segments will fare better through closer coordination and communication with its neighbors. If the entire system can then become more responsive to retailers' stock requirements and shorten total cycle time in the process, there will be less need for inventory build-ups. There are better, and more profitable, tools for providing timely customer service. ■

Ups & Downs...

Total Profile figures may move glacially, but within the group of 56 companies there is always volatility.

...With $124.7 million in net profits, *VF* regained the top spot in dollar earnings that it last held in 1973, with $20.2 million, *Levi* took over in 1974 with $34.6 million, and peaked at $223.7 million during its fabulous 10-year run... *Liz Claiborne* moved from seventh place in 1983 to second, ahead of *Levi*.

Jack Winter and *Kennington*, both top performers 10 years ago, were well down the list last year. The latter was one of the most successful importers in the Seventies, when short-term opportunities abounded. Today, long-term sourcing strategies keyed to marketing programs work better, as exemplified by the current all-events top performer, *Liz Claiborne*.

What the Ratios Mean

Net After-Tax Income on Sales — Net income divided by net sales and reported as a percentage. This figure is frequently labeled Return on Sales, although KSA declines use of this title since extraordinary items are included in net income. Net sales is gross sales less discounts and allowances for returns and bad debts.

Return on Total Equity — Net income divided by total equity, reported as a percentage. The figure is a good measure of performance on behalf of the owners of the firm.

Total Debt to Assets — The sum of current liabilities, deferred liabilities, and long-term debt, divided by the book value of total assets. The quotient indicates the proportion of assets supported by creditor-supplied funds. Values usually range between zero and one. (Values greater than one indicate that a negative shareholders' equity exists.) Values approaching one indicate the possibility of high financial risk exposure.

Return on Total Assets — Net income divided by the book value of total assets, converted to a percentage. This figure is often used as an indicator of the return on the total investment in the firm, regardless of financing, although most analysts correctly suggest that to make this measure more precise, one must add tax-adjusted interest payments to net income before dividing.

Sales to Total Assets — Net sales divided by total assets. This result is frequently called total asset turnover or simple turnover. Again, we are reluctant to use these terms due to the inclusion of intangible items in the total asset base. A high ratio may indicate inadequate planning for growth and/or operating at or above full capacity. A low ratio suggests overinvestment or inefficient use of assets.

Gross Profit — Net sales less cost of goods sold, divided by net sales and multiplied by 100 to make a percentage. The result is a good proxy for manufacturing profit.

Operating Earnings — Net sales less cost of goods sold as well as selling, general and administrative expense, divided by net sales and reported as a percentage. It is a good measure of a company's profitability on its primary,continuing operations.

Inventory Turns — Cost of goods sold divided by the average of the ending inventory for the year and prior year total inventory.

Return on Invested Capital — Net income divided by the sum of total equity and long-term debt. Many consider this figure to be the best single measure of performance for it represents the return to committed capital and is resistant to attempts to windowdress public financial statements.

Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly-available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

PROFIT AND LOSS DATA - APPAREL IND

FISCAL PERIOD ENDING	1984		1983		1982		1981		1980	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
NET SALES	12865884	100.00	12141101	100.00	11306403	100.00	11040062	100.00	9906188	100.00
- COST OF GOODS SOLD	9119159	70.88	8441029	69.52	8040987	71.12	7892132	71.49	7073896	71.41
GROSS PROFIT	3746725	29.12	3700072	30.48	3265416	28.88	3147930	28.51	2832292	28.59
- SELL, GEN, & ADMIN	2619756	20.36	2444026	20.13	2306840	20.40	2144556	19.43	1914955	19.33
OPERATING EARNINGS	1126969	8.76	1256046	10.35	958576	8.48	1003374	9.09	917337	9.26
- INTEREST EXPENSE	209533	1.63	198259	1.63	257158	2.27	259757	2.35	183515	1.85
MISC. INC. OR EXP.	773	0.01	63965	0.53	69687	0.62	36820	0.33	5348	0.05
INCOME BEFORE TAX	918209	7.14	1121752	9.24	771105	6.82	780437	7.07	739170	7.46
- INCOME TAX	450400	3.50	529705	4.36	380717	3.37	388051	3.51	342440	3.46
INCOME AFTER TAX	467809	3.64	592047	4.88	390388	3.45	392386	3.55	396730	4.00
EXTRAORDINARY ITEM	11718	0.09	20575	0.17	12397	0.11	13311	0.12	10020	0.10
NET INCOME	479527	3.73	612622	5.05	402785	3.56	405697	3.67	406750	4.11
EARNINGS PER SHARE										
FLOW OF FUNDS ANALYSIS										
WORKING CAP AT START	3410596		2982260		2761215		2535286			
NET INCOME	479527		612622		402785		405697			
DEPRECIATION	279422		178842		159359		147189			
CHANGE IN L-T DEBT	270898		60130		37858		22834			

Shown above is part of an actual Profit and Loss page from the complete printout.

The Complete Profile

This issue of *The KSA Perspective* contains excerpts from the complete industry Profile, a print-out of approximately 400 pages produced by a computer program developed by KSA.

The full print-out covering five fiscal years ending 1980 through 1984 is available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains:

1. Balance sheets in both dollars and percentages.
2. Income statements in both dollars and percentages.
3. Statements of changes in working capital.
4. Five-year average performances in five pertinent ratios.
5. Year-to-year percent change analysis of nine ratios.
6. A comprehensive list of ratios, including:
   - Current Ratio
   - Acid Ratio
   - Receivables Turns per Year
   - Inventory Turns per Year
   - Sales/Inventory
   - Return on Sales
   - Return on Invested Capital
   - Return on Total Equity
   - Return on Common Stock
   - Return on Total Assets
   - Operating Return
   - Cash Flow/Sales
   - Sales/Total Assets
   - Sales/Net Worth
   - Sales/Working Capital
   - Fixed Assets/Net Worth
   - Long-Term Debt/Invested Capital
   - Long-Term Debt/Net Worth
   - Long-Term Debt/Common Equity
   - Total Debt/Total Assets
   - Interest Coverage
   - Total Coverage

In addition, composite data for the industry segment groupings are presented in the same manner as the individual company compilations, as sums of all company performances in each group.

The printout is available from KSA at a cost of $300.

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Printed in USA/6-85/6M